Deutsche Bank AG

Deutsche Bank Q4/FY 2024 Analyst Conference Call

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Transcript

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CHRISTIAN SEWING

Slide 2 – Actions taken in 2024 position Deutsche Bank to deliver return target in 2025 and beyond

- Thank you Ioana, and a warm welcome from me
- Before we discuss our preliminary 2024 financials in detail, I wanted to offer you my perspective on 2024
- This was a vital transition year for us, which has seen us deliver crucial building blocks in the transformation of our business model. We have moved past a number of legacy items, absorbing a series of nonoperating costs, predominantly litigation matters, which have masked the underlying strength of our business. Our operating performance demonstrated execution against our plans, as our pre-provision profit increased by 19% compared to 2023, if adjusted for certain specific items
- Importantly, however, we are now set for a clean and significantly more profitable year in 2025, with the foundation now built for further improvements in the years beyond
- Let me spend a bit more time talking through this turnaround work, which has resulted in a fundamentally different bank in terms of earnings power, in combination with a better risk profile and improved resilience, all of which are visible in our 2024 financials
- Let's start with the top line. First and foremost, we have successfully positioned all our businesses to perform, by strengthening our market position, reinforcing our focus on clients, and working with deep dedication as their *Global Hausbank*
- Our businesses have clear momentum, which is visible through our revenue delivery of over 30 billion euros, well above what we thought would be achievable when we first set our 2025 targets
- And we are very pleased with the strong start of this year, which again demonstrates our clear franchise momentum
- Second, on expenses, we delivered on our adjusted cost guidance of 5 billion euros each quarter, when excluding the already-guided exceptional items. We have continued to execute on our operational efficiency measures, which gave us room to make critical investments into business growth, technology and controls, while reducing redundancies in our cost base in line with our plan. We believe these investment decisions will strengthen our delivery in 2025 and beyond

- Third, importantly, we continued to improve our risk profile in 2024, which did come at a cost of 1.7 billion euros, across three specific litigation items
- And while these items of course impacted our reported results, moving forward, our position to deliver returns is not only strengthened for 2025, but also for future years, particularly given the supportive market backdrop for our businesses
- Looking ahead, as we have continued to make conscious investments into our franchise, coupled with stickier inflation, we now expect to end 2025 with a cost/income ratio of below 65%
- We know we need to continue to focus on cost management in the near and medium-term, and we have a clear management agenda to address this
- Crucially, for this year we expect to deliver strong positive operating leverage as we increase revenues by 2 billion euros year on year while keeping adjusted costs flat
- Fourth, on distributions, we remain committed to capital returns and today we are announcing a 750-million-euro share buyback program, in addition to a dividend per share of 68 cents in respect of 2024, which we plan to propose for approval at our Annual General Meeting
- Together, this represents a total of 2.1 billion euros of capital distributions announced so far this year
- As we have said before, we want to maintain a prudent approach to capital management, and we will of course look to do more for our shareholders in line with our performance; our strong CET1 ratio of 13.8% sets us up well for this heading into the rest of the year
- And we remain committed to surpassing our total shareholder distribution target of 8 billion euros
- To summarize, 2024 has not been easy, but it was an important year for us, as we took important management actions to secure our trajectory and cement our path to a return on tangible equity above 10% for 2025
- Beyond that, we have defined a clear management agenda for further developing our *Global Hausbank* offering and sustainably increasing returns in 2025 and in the years thereafter
- Let’s now discuss each of these points in detail, starting with our operating momentum on slide 3

Slide 3 – Resilient full-year results reflecting ongoing strong operating performance

- We increased 2024 pre-provision profit by 19% compared to 2023, if adjusted for three specific litigation items, as well as the goodwill impairment in 2023
- The specific litigation items in 2024 comprised the Postbank takeover litigation matter, elevated provisions for Polish FX mortgages and the de-recognition of the reimbursement asset for the RusChemAlliance litigation matter, which James will elaborate on further
- Pre-provision profit remained broadly stable on a reported basis, as our operating strength enabled us to absorb even large exceptional items
- We have delivered sustained operating leverage of 5%, excluding the specific litigation items in 2024 and the goodwill impairment in 2023
- Growth was driven by both revenue momentum and cost discipline
- Revenues grew by 4% year on year, supported by our deep dedication and client engagement, and around 75% came from more predictable revenue streams in Corporate Bank, Private Bank, Asset Management and FIC Financing
- A well-diversified revenue mix enabled us to grow through the interest rate cycle
- Commissions and fee income increased by 13% year on year, in line with our strategy and driven by our strategic investments
- Net interest income in key banking book segments and other funding outperformed our prior guidance and remained broadly stable year on year
- Adjusted costs decreased 1% year on year to 20.4 billion euros, or 2% to 20.2 billion euros excluding the pre-guided real estate measures and UK bank levy true-up in the fourth quarter. Excluding these items, we delivered four quarters of adjusted costs of around 5 billion euros, in line with our plans
- We have made steady progress on our efficiency program. This offset conscious investments in the franchise and inflationary pressures
- We have now completed measures with delivered or expected gross savings of 1.85 billion euros, almost three quarters of our 2.5-billion-euro goal, with around 1.67 billion euros in savings already realized
- As part of this program, we have removed 3,500 roles, primarily reducing non-client facing roles, focused in high-cost locations, while

recent hires have been focused on technology and controls as well as revenue-generating areas

- Turning to slide 4, let us now look at the momentum we have created in each of our businesses, against the goals set in 2022

<u>Slide 4 – Clear traction across divisions set to deliver sustainable growth and higher profitability</u>

- At our investor day in March 2022, we set ambitious objectives for 2025
- With twelve months to go, our business-growth-focused strategies are delivering strong results against these objectives
- The Corporate Bank remains at the core of the Deutsche Bank franchise, and we have further enhanced its value proposition through a strengthened client franchise and investments in technology, supported by our global network. As an example, incremental deals won with multinational clients have increased by around 40% since 2022
- The division outperformed its revenue growth ambition despite normalizing interest rates, and delivered a return on tangible equity of 13% in 2024, three times its 2021 level
- The Investment Bank is outperforming its revenue growth target and delivered a RoTE of 9% in 2024, cementing its position as a leading European investment bank; we are also particularly pleased we have outperformed the peer average for the full year, as we continue to see our investments paying off
- The business has demonstrated sustained revenue performance through the cycle since 2021, supported by further diversifying its income streams and increasing market share in Origination & Advisory by around 50 basis points in 2024
- In Fixed Income & Currencies, we have built strong market share and demonstrated sustained growth in Financing, which is up 12% year on year in 2024
- And we achieved significant year-on-year growth of over 60% in O&A in 2024 through considerable market share increases in a growing fee pool
- Since 2021, the Private Bank created two distinct businesses to sharpen the commercial focus and to better serve clients' changing needs; we scaled up the Wealth Management franchise, successfully turning around profitability in core markets, while strengthening our number 1 positioning in Germany; in Personal Banking, we have launched a major

efficiency transformation, with a decisive review of our service model and branch footprint optimization

- The business continues to leverage its leading market position with net inflows of 29 billion euros, supporting noninterest revenue growth of 5% last year, in line with our strategy. Overall, the division grew revenues in line with target since 2021
- The business has made transformative efficiency gains since 2021, closing a further 125 branches in 2024 increasing the total to almost 400 closures since 2021, in addition to reducing full-time employees by a further 1,300 in 2024 alone
- Looking at the fourth quarter more closely, adjusted costs were down 9%, reflecting delivery of savings, despite ongoing inflationary pressures
- Profitability and higher returns, especially in German Personal Banking, will remain top priorities and we expect to deliver them via further streamlining of our branch network and the modernization of both our brands, while leveraging the synergies from our unified IT environment
- In short, the Private Bank continues its path to sustainably transform the business, which we believe will translate into substantially better returns which will be visible this year and beyond
- Asset Management again grew assets under management in 2024, by 115 billion euros, and surpassed 1 trillion euros for the first time, boosted by net inflows of 42 billion euros into passive investments. Exceeding this mark shows the scale and competitiveness of our Asset Management division
- Overall, the business demonstrated its strength and showed increased cost efficiency, leading to an RoTE of 18% in 2024
- Driven by the benefits of higher AuM levels and revenue-growth initiatives already in place, we expect the compound revenue growth rate in Asset Management to turn positive in 2025 and approach its original ambition
- On slide 5, let me now turn to the question, why we feel confident in reaching our 2025 revenue growth ambitions

<u>Slide 5 – Strong execution and positioning underpin confidence in revenue trajectory</u>

- Since 2021, we have delivered a compound annual growth rate of 5.8%, in line with our upgraded target range

- In 2025, we expect continued franchise momentum and our capital-light businesses to drive further growth supported by our investments, increasing the revenue CAGR to around 5.9%
- We have a clear roadmap towards our 2025 target
- In the Corporate Bank, we expect revenues to grow by around 5.5% or 400 million euros largely from scaling of commissions and fee income, predominantly in Trade Finance and fee-based institutional businesses, and repricing of existing clients. Resilient net interest income will provide further support
- Investment Bank revenues are expected to grow by around 8% as we see encouraging trends in the market, good levels of corporate activity and confidence, solid financing conditions and pent-up private equity dry powder
- The main growth driver is expected to be O&A with an increase in revenues of approximately 600 million euros, reflecting growth globally, but led by the US. We have positioned ourselves well to benefit from these trends and grow market share further, supported by our investments reaching their full potential
- We also expect FIC to show continued growth in 2025, driven by ongoing strength and further focused investments in Financing. We will continue to develop our wider platform in both existing and adjacent businesses, with a focus on the US and Flow Credit
- In the Private Bank, we expect revenue growth of around 400 million euros or about 4% driven by higher NII from continued business volume growth and the deposit hedge rollover as well as growing noninterest income, harvesting benefits from higher assets under management and growth in Investment Solutions
- Finally, we expect Asset Management to grow revenues by around 300 million or 12.5%. We expect the business to benefit from the growth in assets under management during 2024 and a strong equity market development this year, which should boost management fees in 2025. We furthermore expect continued growth in Passive, including X-trackers, and in Alternatives
- These drivers underline our confidence in achieving our revenue goal of around 32 billion euros in 2025 before FX benefits. At year-end FX rates, we expect this number to be around 32.8 billion euros
- Importantly, all divisions are contributing to this substantial growth, from both noninterest revenues and NII, which once again reflects our well-diversified business mix; around 75% of this growth is expected to come from our more predictable revenue streams

- Let me now turn to costs on slide 6

Slide 6 – Significantly lower expenses in 2025, with ongoing focus on execution of efficiency measures

- In 2025, our goal is simple, deliver a significant normalization of nonoperating costs and essentially flat adjusted costs, despite our ongoing investments into growth
- Moving past significantly elevated litigation and other restructuring charges in 2024, we are planning with a clear reduction of 2.1 billion euros in nonoperating costs this year
- Turning to adjusted costs, since we presented our ambitions for 2025 at our investor day in 2022, we have navigated dynamically through a volatile and fast-moving environment, and this resulted in some additional costs, as we chose to make investments in technology, controls and business growth, and with inflation proving to be more persistent than anticipated
- In respect of the additional investments, we have positioned the bank for sustainable growth in 2025 and beyond by investing into two key areas:
- Firstly, growing our franchise beyond our original revenue ambition to better serve our clients and deliver higher rewards for shareholders
- Secondly, expanding our initially-planned mandatory and strategic investments into technology, controls and regulatory remediation. In 2024, we hired 1,300 technology specialists and added 400 targeted revenue-generating roles, supporting long-term cost improvement and growth
- In 2024 alone, we also invested a further 1.2 billion euros into controls, taking the total since 2019 to more than 6.5 billion euros
- Some of these additional expenses will stay with us this year. However, we expect to offset much of the impact through our cost measures, in line with our plan, which we expect to yield further benefits in 2025 and beyond
- Our optimization initiatives in Germany are expected to generate savings of close to 200 million euros
- Investments to reduce the complexity of our organization by improving technology and optimizing the workforce across infrastructure are expected to deliver a further 300 million euros

- And automation of processes, alongside better alignment of our front-to-back setup, should deliver another 200 million euros
- Our initiatives include the previously-announced closure of additional branches in 2025, the implementation of new branch formats as well as decommissioning of further applications or moving them to the cloud
- The net effect is that we expect to hold our adjusted cost base flat year on year, while reducing nonoperating costs significantly. James will detail the year-on-year cost walk later
- This, combined with the anticipated revenue growth of 2 billion euros we just discussed, will create substantial operating leverage
- As a result, we now target a cost/income ratio of below 65% this year, marginally higher than our original target, though this will support further growth and business momentum in and beyond 2025
- As I said earlier, this does not compromise delivery of our greater than 10% RoTE target, or our plans for capital distributions
- Let me now turn to these, starting with the path to our return on tangible equity target, on slide 7

Slide 7 – Set to achieve >10% RoTE target with positive operating leverage

- We remain on a clear path to achieve our RoTE target of above 10% in 2025 driven by focused execution across all three delivery pillars of our *Global Hausbank* strategy
- As you saw, we have a business-by-business roadmap to grow revenues to around 32 billion euros in 2025, in line with our target growth rate of 5.5 to 6.5%
- Operational efficiencies play a key role in keeping adjusted costs flat in 2025, and thereby reducing total noninterest expenses as nonoperating costs normalize
- Capital efficiencies have delivered cumulative RWA equivalent reductions of 24 billion euros, close to our end-2025 goal of 25 to 30 billion euros. In the fourth quarter alone, we delivered 2 billion euros of RWA equivalent reductions driven by data and process improvements
- We are confident we will reach the upper end of our target range by year-end 2025 through further securitizations and data and process improvements
- Delivery on these pillars gives us a clear path to a RoTE above 10% in 2025

- The non-repeat of significant litigation items in 2024 gives us a starting point of an adjusted RoTE above 7%
- Firstly, reaching our around 32-billion-euro revenue goal is expected to add more than 2 percentage points to our 2025 RoTE
- Around 20% of this growth is expected to come from an increase in net interest income by roughly 400 million euros, primarily due to the roll-over of hedges
- Another 40%, or roughly 800 million euros, should come from higher noninterest revenues from more predictable income streams, including from scaling actions and monetizing client relationships in the Corporate Bank or the spillover effect from higher AuM levels in Asset Management and Private Bank
- The remaining revenue increase is expected to come primarily from market share expansion in a growing fee pool in O&A
- From a regional perspective, we expect increasing revenues in the Americas, supported by an improving market backdrop and reflecting our targeted investments, while further growth is expected to come from Asia and the Middle East, as well as Germany
- Secondly, we expect an additional contribution of around 60 basis points from the reduction in noninterest expenses we just discussed
- Together, this would bring us already to our targeted RoTE level
- And finally, we expect a contribution of around 40 basis points from the reduction of credit loss provisions in 2025 towards more normalized levels, in line with our guidance with our third-quarter results
- All in all, we see a clear path to achieving our RoTE target of above 10%
- Let me now discuss the implications for capital distributions

Slide 8 – Creating value for shareholders and increasing distributions

- The value we have created for our shareholders is visible in the growth in tangible book value per share by more than 20% since 2021 to almost 30 euros
- This was driven by strong organic capital generation and greater capital efficiency, which supported both rising shareholder distributions and business growth
- We have received regulatory approval for a share buyback of 750 million euros

- Additionally, and as guided, we plan to propose a dividend per share of 68 cents for 2024 at our upcoming Annual General Meeting in May, amounting to a distribution of around 1.3 billion euros
- Together, these initiatives result in shareholder distributions of around 2.1 billion euros announced so far in 2025
- The announced distributions for 2024 would bring cumulative capital return to around 5.4 billion euros since 2022, in line with our promise back in July 2019 when we announced our *Compete to Win* strategy
- Looking ahead, our guidance for a dividend of 1 euro per share in respect of financial year 2025 would equal roughly 1.9 billion euros. With that, modest additional share buybacks this year or next year would be sufficient to get to our 8-billion-euro target
- However, we are committed to surpassing this target, as we have said before, and it remains our priority to reward our shareholders in line with our performance, and we are confident that we will continue to deliver rising distributions in the coming years
- Before I hand over to James, let me give you a brief outlook on our next phase on slide 9

<u>Slide 9 – Driving the next phase of Deutsche Bank's evolution beyond 2025</u>

- With the end of 2024, the foundation of the *Global Hausbank* has been laid successfully. And as you heard, we are set to deliver the return target we have set ourselves for this year, supported by the momentum and operating strength of our franchise
- And of course, the management team also looks beyond 2025 towards our longer-term ambitions, and we are committed to step up
- We are already implementing measures today to elevate Deutsche Bank's performance beyond 2025, which will make us a more profitable bank. This focuses on client work, our own operations, and the way we work and lead
- In short, we want to be even more dedicated to our clients' needs while continuing to embed our clear purpose in our daily activities. This will drive further revenue growth
- We are determined to make this bank more efficient, and that means changing how we do things. It starts with a simpler organizational setup and a smaller workforce. And it requires us to become even more technology driven, which will also enhance client experience

- We will put full focus on the productive allocation of capital to improve shareholder value and further balance out our earnings profile
- In the end, we aim to become a much more profitable bank overall than our 2025 RoTE target
- Our management agenda for 2025 and beyond focuses on three key points; growing value generation, re-engineering our target operating model and stronger leadership
- Firstly, we aim to further grow value generation for our shareholders by sharpening our focus on capital allocation and RWA optimization at both business and client level, to boost returns
- We see tremendous potential from further improving resource productivity across the portfolio via repricing and reallocating capital to high-return franchises, supporting further revenue growth
- We plan to drive higher resource productivity through capital-light origination, in line with our strategy, and accelerated asset rotation
- We aim to boost the profitability of lower-return businesses through front-to-back efficiency improvements, and be disciplined in redeploying capital elsewhere, including making exits if necessary. We have already started these reviews in some lending portfolios, such as mortgages, and are seeing benefits of these choices
- Secondly, we plan to achieve the next phase of operational efficiencies beyond our 2.5-billion-euro goal by re-engineering our target operating model
- Our clear ambition is to operate the bank with a lower headcount, and we aim to run a much leaner platform, as our investments in technology, automation and controls mature
- We are tackling inefficiencies by giving business leaders more control over their cost base coupled with further front-to-end streamlining of processes
- We plan to actively reduce management layers and roles, and integrate teams as part of our workforce optimization initiatives, in particular scrutinizing those areas where we do not see the required efficiency improvements
- Thirdly, our management agenda emphasizes strengthening risk management and accountability and evolving our culture through a purpose-led framework we call "This is Deutsche Bank"

- With our investments, we are well-positioned to grow the *Global Hausbank* model, make it more efficient and generate more capital for deployment in the businesses and shareholder distributions
- Our management agenda provides significant scope to further improve our return profile and deliver sustainably growing earnings beyond 2025, unlocking the full potential of this bank
- We will provide you with more details on our aspiration and actions beyond 2025 over the course of this year, but our immediate focus remains on demonstrating disciplined execution
- With that, let me hand over to James

JAMES VON MOLTKE

Slide 11 – Key performance indicators

- Thank you, Christian and good morning
- As usual, let me start with a few key performance indicators on slide 11
- Notwithstanding the items in the fourth quarter that improve our risk profile, we maintained a level of resiliency we could not have shown a few years back, underscoring the successful transformation to date
- Our capital position remained robust with the CET1 ratio at 13.8% at year-end, despite absorbing the specific litigation items throughout the year and the capital deduction for the 750-million-euro share buyback announced today
- Our liquidity metrics remained sound; the liquidity coverage ratio was 131%, in line with our target, and the net stable funding ratio was 121%, at the upper end of our target range
- Let me now turn to the fourth-quarter highlights on slide 12

Slide 12 – FY 2024 and Q4 2024 highlights

- Group revenues were 7.2 billion euros, up 8% on the prior year quarter
- Provision for credit losses was 420 million euros equivalent to 35 basis points of average loans, down 67 million euros year on year
- Noninterest expenses were 6.2 billion euros, up 14%, reflecting exceptional nonoperating and adjusted cost items

- Nonoperating items were 945 million euros in the quarter, including net litigation charges of 659 million euros and restructuring and severance charges of 286 million euros
- Adjusted costs were 5.3 billion euros, including charges for optimizing the bank's own real estate footprint of 100 million euros as well as a true-up for bank levies in the UK of 134 million euros
- And despite the exceptional cost items, we generated a profit before tax of 583 million euros and a net profit of 337 million euros
- Our tax rate in the fourth quarter came in at 42%. Excluding the aforementioned litigation matters, the tax rate would have been 28%. We expect the 2025 full-year tax rate to range between 28% and 29%
- In the fourth quarter, diluted earnings per share was 15 cents and tangible book value per share was 29 euros and 90 cents, up 5% year on year
- Let me now turn to some of the drivers of these results and start with a review of our net interest income on slide 13

<u>Slide 13 – Net interest income (NII) / Net interest margin (NIM)</u>

- NII across key banking book segments and other funding was strong at 3.3 billion euros, up sequentially and broadly flat on the prior year quarter
- Compared to the third quarter, slightly higher deposit volumes, in particular overnight deposits, offset the expected beta convergence in the Corporate Bank
- Private Bank NII was up sequentially, as we guided before, and FIC Financing continued to grow its loan portfolio, with a corresponding increase in quarterly revenues
- With that, let me turn to the full-year NII trends and the outlook for 2025 on the next page

<u>Slide 14 – Net interest income (NII)</u>

- Given the stronger NII in the fourth quarter, we outperformed our prior 2024 full-year guidance of 13.1 billion euros, reporting 13.3 billion euros across our key banking book segments and other funding

- This is about 100 million euros higher than 2023, reflecting the resilience of our NII, even during an environment of falling rates and beta convergence
- For 2025, we expect NII yet again to increase to around 13.6 billion euros, a sequential increase of around 400 million euros. This is in line with our guidance provided last quarter but reflective of the outperformance in the fourth quarter
- The key drivers are the rollover effect from our hedges, supported by portfolio growth in the Private Bank, Corporate Bank and FIC Financing
- As a reminder, our hedge portfolio stabilizes our income by extending the tenor of interest rate risk, but it also protects us against a drop in interest rates. We provide further details in the appendix on slide 38
- Based on forward rates at the end of December, we expect the income from the hedge book to grow by several hundred million euros each year, as we roll maturing hedges
- In current rate conditions, we are more sensitive to the long-term rate development and are less sensitive to short-term movements in policy rates

Slide 15 – Adjusted costs – Q4 2024 and FY 2024 (YoY)

- Turning to slide 15, adjusted costs were 5.3 billion euros for the quarter
- We have seen lower costs across all categories versus the prior year quarter and reduced adjusted costs excluding bank levies by 2% or 118 million euros. Bank levies were driven by the true-up in the UK of 134 million euros
- In line with our guidance in earlier quarters, we managed adjusted costs excluding bank levies closer to 4.9 billion euros if adjusted for 100 million euros from optimizing our own real estate footprint and the other unfavorable impact from exchange rate developments of around 60 million euros. We have included further details in the appendix on slide 29
- On a full-year basis, adjusted costs excluding bank levies increased by around 100 million euros on a constant FX basis, as savings from streamlining our IT platform and lower spend for professional services were offset by higher costs for compensation and benefits, driven by wage growth, higher performance-related compensation and the impact from increased internal workforce
- With that, let me turn to our cost guidance for 2025 on slide 16

Slide 16 - Noninterest expenses - FY 2024 results and FY 2025 outlook

- As Christian said earlier, a lot has happened since we embarked on our *Global Hausbank* strategy in 2022
- And while we have taken opportunities to not only create a more resilient franchise but to also ensure we are better positioned for sustainable growth, there have also been headwinds, which we have not been able to fully offset
- Noninterest expenses in 2024 included a number of specific items, which are either non-recurring in nature or aimed at improving our risk profile and supporting target delivery in 2025
- Total nonoperating costs were 2.6 billion euros, driven by litigation charges for three specific items which amounted to 1.7 billion euros
- Firstly, the Postbank takeover litigation matter had a full-year net impact of 906 million euros, reflecting the initial provision and the settlement agreements we entered into in the third quarter
- Secondly, the industry-wide FX mortgage matter in Poland resulted in additional provisions of 329 million euros in the fourth quarter to reflect our updated estimation of the impact of developments in the market. The total impact for the year was 500 million euros
- And lastly, the RusChemAlliance litigation matter, which had an impact of 262 million euros in the fourth quarter and affected the Corporate Bank. Recent developments led to the de-recognition of a reimbursement asset, as the recovery of the claim through an indemnification obligation could no longer be assessed as virtually certain. However, we believe we are in possession of a valid reimbursement claim and will vigorously assert our position
- Other litigation charges of 366 million euros were broad based across a number of smaller items
- Additionally, restructuring and severance charges were elevated in the year, at around 530 million euros, slightly higher than the 400 million euros we initially expected for the year, and included additional actions taken during the fourth quarter. We made further progress, particularly in the Private Bank, to support our strategic transformation which is aimed at rationalizing our branch footprint in Germany while improving the access to advisory solutions for all our retail clients
- Assuming a normalization of overall nonoperating costs, the noninterest expense step-off for 2025 would have been 20.9 billion euros

- For 2025, we expect overall adjusted costs to remain flat year on year at around 20.3 billion euros, which translates to around 20.7 billion euros at year-end FX rates
- This is higher relative to our prior guidance, mainly driven by additional investments and business growth opportunities that we identified during our last planning cycle
- These investments, particularly into our Corporate Bank and Investment Bank businesses, support our targeted revenue growth this year and position us for further growth beyond
- We also see continued demand for controls and remediation investments to ensure the bank fulfils all of its regulatory obligations and expectations
- In line with our original target, nonoperating costs are expected to materially reduce to around 400 million euros in 2025, as litigation and restructuring and severance charges normalize
- As a result, noninterest expenses in 2025 are expected to be around 20.8 billion euros, resulting in a full-year cost/income ratio of below 65% but delivering a significant implied operating leverage of 16%. The investments leading to a higher cost base will also support further operating leverage beyond 2025
- In short, although the reported numbers for 2024 are higher than originally planned, Christian and I are encouraged regarding our trajectory going into 2025
- Let us now turn to provision for credit losses on slide 17

<u>Slide 17 – Provision for credit losses</u>

- In line with guidance provided in October, full-year provisions stood at 1.8 billion euros, equivalent to 38 basis points of average loans
- Provisions were impacted by specific headwinds including transitional effects from the Postbank integration which continue to taper off, two relatively fast-paced larger corporate events impacting provisions at a level unusual compared to historical standards, and which were materially hedged, as well as a cyclically higher level of Commercial Real Estate provisions, which we expect to decrease on a full-year basis in 2025
- You will find the full-year update on transitory headwinds on slide 42 of the appendix

- When looking at the fourth quarter, provision for credit losses was 420 million euros, or 35 basis points of average loans
- As guided, the sequential decrease in provisions of 74 million euros was due to a reduction of Stage 3 provisions, as the Corporate Bank benefitted from a larger recovery on a legacy workout situation
- Investment Bank provisions were lower, benefitting from a further small reduction of provisioning levels in CRE. During the fourth quarter, the bank completed the loan portfolio sale in the US
- Stage 3 provisions decreased sequentially to 415 million euros. Provisions were mainly driven by the Private Bank, which included impacts from a small number of legacy cases in Wealth Management, as well as the Investment Bank, where CRE remained the main driver
- Stage 1 and 2 provisions were negligible, as various portfolio effects were offset by slightly improved macroeconomic forecasts and overlay recalibrations in the fourth quarter
- Before we move on, a few remarks on asset quality
- We maintain tight underwriting standards and continue to conservatively manage our loan book including single-name concentration risks through comprehensive hedging programs with the total notional volume of hedges standing at 42 billion euros
- Our regular and comprehensive portfolio reviews show that overall credit quality remains stable and forward-looking indicators such as rating migration and trends in our non-investment grade portfolio as well as watchlist ratios do not suggest a noteworthy deterioration in asset quality
- We also see broadly stable developments in our domestic market, as outlined on slide 45 of the appendix, and we are carefully monitoring the developments surrounding it
- With that, let me turn to capital on slide 18

<u>Slide 18 – Capital metrics</u>

- Our fourth-quarter Common Equity Tier 1 ratio came in at 13.8%
- CET1 capital decreased, primarily reflecting the deduction of the 750-million-euro share buyback from excess capital
- As expected, market risk RWA decreased, driven by SVAR and Incremental Risk Charge from careful positioning into year-end

- The marginal increase in credit risk was driven by model changes, largely offset by reductions from capital efficiency measures
- With respect to the CRR3 go-live effective January 1st, 2025, our pro-forma CET1 ratio was 13.9%, around 5 basis points above our ratio for year-end 2024
- However, the CRR3 go-live will also lead to around 5 billion euros of RWA equivalent impact from operational risk to come in the first quarter; hence, the total impact of CRR3 is a CET1 ratio burden of around 15 basis points, consistent with prior guidance
- At the end of the fourth quarter, our leverage ratio stood at 4.6%, flat sequentially, as the benefit from Additional Tier 1 capital issuance in the quarter was offset by the CET1 deduction for the 750-million-euro share buyback announced today and FX effects
- With regards to bail-in ratios, we continue to operate with significant buffer over all requirements
- In short, our capital position remains strong and already reflects our approved share buyback
- And with that, let us turn to performance in our businesses, starting with the Corporate Bank on slide 20

Slide 20 – Corporate Bank

- Corporate Bank revenues in the fourth quarter were 1.9 billion euros, 1% higher sequentially driven by growth in deposit revenues from interest hedging and higher volumes offsetting ongoing margin normalization
- In 2024, we have made good progress on our growth initiatives to offset the normalization of deposit revenues by further accelerating non-interest revenue growth, with 5% growth in commissions and fee income across all regions and a particularly strong contribution from our Trade Finance business
- The deposit base remained strong throughout the entire year as deposits increased by 23 billion euros year on year driven by higher sight deposits in Corporate Treasury Services and favorable FX movements
- Provision for credit losses stood at 23 million euros, significantly lower driven by a larger recovery

- Noninterest expenses were higher driven by the RusChemAlliance litigation matter, while adjusted costs decreased by 6% year on year driven by lower direct costs and internal service cost allocations
- This resulted in a post-tax return on tangible equity of 7.1% and a cost/income ratio of 81%
- I will now turn to the Investment Bank on slide 21

Slide 21 – Investment Bank

- Revenues for the fourth quarter were 30% higher year on year on a reported basis, with strong growth across the franchise
- Revenues in Fixed Income & Currencies increased by 26%, with year-on-year improvements across all businesses. This represented the highest fourth-quarter revenues on record
- Financing revenues were significantly higher reflecting strong fee income across the business combined with an increased carry profile
- Rates revenues were significantly higher, whilst Credit Trading, Foreign Exchange, and Emerging Markets increased, benefitting from heightened market activity and client engagement
- Moving to Origination & Advisory, revenues were significantly higher both year on year and sequentially, with market share gains across business lines in a growing industry fee pool
- Advisory revenues were significantly higher, reflecting material market share gains year on year in a static industry fee pool
- Debt Origination revenues also increased and reflected strength in Leveraged Debt, driven by strong pipeline execution in an active market
- Noninterest expenses were lower year on year due to the non-repeat of a goodwill impairment in the prior year quarter. Adjusted costs were essentially flat when excluding the increase in UK bank levies mentioned earlier
- Loan balances increased compared to the prior year driven by the impact of FX translation combined with growth in Financing
- Provision for credit losses was 101 million euros or 37 basis points of average loans, significantly lower year on year due to the non-repeat of Stage 1 and 2 model related provisions in the prior year, while Stage 3 provisions also decreased
- Let me now turn to Private Bank on slide 22

Slide 22 – Private Bank

- The Private Bank is making progress, both in creating revenue momentum and putting transformation-related costs and transitory credit costs behind us
- Revenues of 2.4 billion euros in the quarter reflect noninterest revenue growth of 6% year on year, on the back of higher investment product revenues. NII declined by 5%, driven by continued higher funding costs from the impact of minimum reserves, the group-neutral impact of certain hedging costs as well as a benefit from episodic lending revenues in the prior year quarter. Excluding these effects, fourth-quarter revenues in the Private Bank would have been up 6% year on year
- Personal Banking revenues were impacted by aforementioned higher funding allocations and hedging costs, partially offset by higher deposit revenues
- Wealth Management and Private Banking revenues were essentially flat, as higher investment product revenues and lending growth was offset by the non-recurrence of episodic lending revenues in the prior year
- The business attracted net inflows into assets under management of 2 billion euros, supported by deposit campaigns in Germany; outflows in investment products were mainly driven by specific and isolated client transactions
- As outlined in the third quarter, we see cost savings coming through as the Private Bank continues its transformation, with further 74 branch closures in the fourth quarter, bringing the total to 125 this year, and accelerated headcount reductions of more than 1,300 FTE in the last twelve months, mainly in Germany
- The substantial improvement in adjusted costs of 9% reflects benefits from transformation initiatives and lower regulatory as well as client service remediation costs, which are now effectively behind us. Noninterest expenses declined by 5% year on year, despite higher restructuring and severance costs
- Provision for credit losses reflects continued workout activities of a small number of legacy cases in Wealth Management, while transitory effects from operational backlog are tapering off as expected; the overall quality of our domestic and international loan portfolios remains solid

Slide 23 – Asset Management

- Let me now turn to Asset Management on slide 23 which reached a key milestone during the fourth quarter by surpassing 1 trillion euros of assets under management for the first time. Scale is becoming increasingly important in this industry and for the DWS franchise, favorable market trends support our strategic positioning, especially given our strong position in Passive Products
- And my usual reminder: the Asset Management segment includes certain items that are not part of the DWS stand-alone financials
- Profit before tax more than doubled from the prior year period, driven by higher revenues
- Revenues increased by 22% versus the prior year. This was primarily from higher management fees of 647 million euros, from both Active and Passive products driven by growth in average assets under management. Additionally, performance fees more than doubled from the prior year period, primarily due to the recognition of a substantial Multi Asset performance fee
- Other revenues principally reflected a negative revaluation of the fair value of guarantees and lower investment income partly offset by lower treasury funding
- Noninterest expenses and adjusted costs were both essentially flat compared to the prior year
- Passive products continue their strong performance driven by Xtrackers, with a further 14 billion euros in the quarter, contributing to 42 billion euros of net inflows for the year
- Cash, Alternatives, Quantitative Solutions and Multi Asset also achieved good results with combined net inflows of 6 billion euros, more than offsetting net outflows in Active Equity and Fixed Income products
- Assets under management increased by 49 billion euros in the quarter driven by positive FX effects and net inflows
- The cost/income ratio for the quarter declined to 67% and return on tangible equity was 21%, both improving from the prior year quarter
- This morning, DWS communicated its outlook for 2025 and introduced new medium-term strategic targets including 10% earnings per share growth per year from the starting point in 2025 to 2027; for further details please have a look at the DWS disclosure on their Investor Relations website

- Moving to Corporate & Other on slide 24

Slide 24 – Corporate & Other

- Corporate & Other reported a pre-tax loss of 621 million euros this quarter driven by the provision increase for foreign currency mortgages of 329 million euros resulting from updates to the provision model parameters, to reflect impacts of recent developments in the estimated cost of the legal risk. This compares to a pre-tax profit of 104 million euros in the prior year quarter which included a provision release of 287 million euros relating to legacy litigation matters
- Revenues were negative 99 million euros this quarter primarily driven by retained funding and liquidity impacts. This compares to negative 64 million euros in the prior year quarter, with the decrease driven by valuation and timing differences, which were positive 87 million euros in the quarter, compared to positive 143 million euros in the prior year quarter
- Pre-tax losses associated with legacy portfolios primarily reflect the aforementioned litigation matters
- At the end of the fourth quarter, risk-weighted assets stood at 34 billion euros, including 13 billion euros of operational risk RWA. In aggregate, RWAs have reduced by 6 billion euros since the prior year quarter mainly reflecting a change in the allocation of operational risk RWA
- Leverage exposure was 38 billion euros at the end of the quarter, slightly lower than the prior year quarter
- For 2025, we expect a significantly lower pre-tax loss for Corporate & Other of approximately 200 million euros per quarter or around 800 million euros for the full year, mainly reflecting the non-recurrence of legacy litigation matters. As usual this includes some uncertainty, particularly associated with valuation and timing differences
- Finally, let me turn to the Group outlook on slide 25

Slide 25 – Outlook

- We believe we are on track to deliver increased revenues of 2 billion euros to achieve this year's revenue goal of around 32 billion euros, which translates to around 32.8 billion euros at year-end FX rates
- We remain committed to rigorous cost management and will manage our cost base to a cost/income ratio of below 65% for 2025

- Although this is higher than the level we were previously aiming for, we feel good that the level of investment in 2025 positions us for incremental opportunities and higher returns over time, while also further improving our control environment
- We continue to expect an amelioration of provision for credit losses in 2025 as the transitory headwinds we called out previously subside. This should result in a reduction to around 350 to 400 million euros of average quarterly provisions, with further normalization expected in the following years
- Our strong capital position gives us a solid step off for our 2025 and 2026 distribution objectives and we remain committed to our capital distribution target
- The 750-million-euro share buyback announced today and the dividend of 68 cents per share which we plan to propose at our Annual General Meeting, brings us to 2.1 billion euros of capital distributions so far this year
- Our full attention remains on delivering an RoTE of above 10% in 2025 driven by continued revenue momentum, cost control and balance sheet efficiency
- And these are the levers to also deliver further improved profitability beyond 2025
- With that, let me hand back to Ioana, and we look forward to your questions

Questions & Answers

Nicolas Payen (Kepler Cheuvreux)	Good morning. I have two questions, please. The first one would be on revenues. Could you elaborate on the bridge to the € 32 billion of revenue target, please? And in particular, what gives you confidence that you can reach € 32 billion and how the start of the year positions you towards these targets? The second question will be on share buyback. You previously alluded to a share buyback annual growth of roughly 50%, which would put you at € 1 billion share buyback versus the € 750 million that you announced. The question is, can we expect more throughout the years, and at what point in time during this year? And also, what are the performance criteria that you are

looking at to potentially announce more? Thank you.

Christian Sewing

Thank you, Nicolas, it's Christian. Let me let me start with your questions, and then James can contribute. What makes us confident is, first of all, the overall positioning and foundation which we have built over the last four or five years as the *Global Hausbank* to our clients. The momentum, the development in all four businesses, feedback from clients. In all the last three or four years we not only met our revenue targets, but even exceeded that in the years. It really makes me confident that from the offering we have, from the positioning we have, it is actually the right starting point also for the next years. And that feedback, Nicolas, we get continuously back from our clients, be it institutional clients, corporate clients and private clients.

And let me also say that, in particular, the geopolitical items which we are facing in this world, in this regard support us. People want our advice. Corporates talk to us on their amended networks. The mandates we get from the corporate side, from the institutional side, is again something which really makes me confident and is on a level which we haven't seen before.

Now, to the bridge from € 30.1 billion to € 32 billion, what makes me confident, and how do we see that? I would really divide that in three parts. Number one, it's € 400 million coming from NII, and that is obviously reflecting the hedging, which we have already put in place. This will, in particular, come from the Private Bank and the Corporate Bank side. And on top of that, we see also the growth in our FIC Financing. That is approximately € 400 million which we will see. Also, the good work which we have done on the Treasury side with our business, so that is locked in.

Now, the next thing is the more predictable businesses, which we see at approximately € 800 million, if not even a bit more. And that is the Private Bank, Asset Management and the Corporate Bank. Now, in those you have approximately € 400 million from the

Corporate Bank. That, again, comes from active repricing, monetizing our existing clients, scaling the business which we have invested in.

If you look into our investments, which we have done in 2023, in 2024, but in particular, looking at the investment plan for 2025, a high degree and the highest amounts in those years, and in particular in 2025, goes into the Corporate Bank to really scale up our offering. And you have seen the overall development of the Corporate Bank, which is at the core of our franchise. And therefore, I can see at least this € 400 million of uptick in the year 2025. And again, if I look at the mandates, which we are constantly winning, how the year started, I'm very optimistic here.

The other € 400 million is coming from the Private Bank and Asset Management side. And here, a lot of pre-work has been done. I think in the prepared remarks, we talked about the growth in the assets under management on both sides, the Private Bank and the Asset Management side. Obviously, with the fees generated out of that, we will see higher returns. There is no drag on the NII side, I talked about the initial € 400 million. Therefore, we can clearly see with the increased volume, higher revenues.

Last but not least, I also said that in the discussions before, which we had on the quarterly side, there is a lot of momentum also in Germany in the retail bank. I think in Germany, one of the biggest problems and challenges we have is actually with our pension plans in the next years, and more and more these are the discussions which we have with our clients. And again, then applying that to 15 million Postbank clients now being on our IT platform is a huge opportunity for us, and Claudio is banking on that.

That brings those two to € 1.2 billion, so you are at € 31.2, € 31.3 billion. Where’s the rest coming from? € 500 to € 600 million in the Investment Bank from the O&A business. I think James and I talked a lot about that over the last 18 months. We did on purpose the investments in the middle of 2023, not only Numis, but in particular, also the hirings of senior directors in the corporate finance business. I think we could show, with the growth rates in 2024, that this started to pay off. I'm really proud what Fabrizio has done in that business. Look at the Q4 numbers in the O&A business. We clearly outperformed the market, and I can see that this momentum is going on. We believe that in the O&A market, we can increase our market share by approximately 50 basis points to approximately 3 percentage points.

And then I also do believe that the fee pool, in particular, given what is happening in this world, with the growth momentum we see in the US, will be higher next year. But the real impact, the majority of the € 500 to € 600 million, is clearly coming from now that the investments are fully paying off and that we increase our market share.

Now, that already brings us very close to the € 32 billion. I haven't talked about the FIC business, because in particular Ram Nayak is not standing still. We have done significant investments, in particular in Latin America, but also North America in our business. Watch the Credit Trading business, also with the recent hires, which we have done summer of last year, and obviously which are paying off more and more. And therefore, I do believe that we have also a chance to grow there.

This is the bridge for us from € 30 billion to € 32 billion. The confidence level, which James and I have, and Fabrizio and Claudio, is also sparked by a first good month. Now, we know we cannot rest here. One month is one month, but the overall momentum in this bank to drive this, the feedback from the clients, also last week in Davos, is clearly telling me this is achievable. And I'm sure we can show you that already at the end of April.

Second part, on the share buybacks. Look, I do believe that James and I have always managed this bank in a prudent and conservative way, i.e., in particular to your question, € 1 billion to € 750 million. First of all, I'm really happy with the starting point with which we start into this measurement year of 2025. 13.8% capital ratio gives us the ammunition, on the one hand, to grow business and have the right resources. That's all in our plans. But at the same time, obviously also reward our shareholders with the € 750 million, which we announced. And we should not forget that with the 50% increase in dividend per share, we announced to the market already a distribution of € 2.1 billion for this year. I think it's a wonderful starting point. If you move that up, we are now at € 5.4 billion distributions since 2022. If we think about our path which we gave to the market, in particular with regard to growing our distributions and also the dividends, and you apply the next increase on the dividends for next year, you are already very, very close to the € 8 billion.

Now, I think, and that's what our approach is, let us deliver on our business execution in the next month to deliver the 10% return on tangible equity. Of course, we will review our distributions in the course of the year on the basis of our performance, as at the end of the day, we know that we also want to reward the shareholders. But I think it's a good and prudent start into the year. And let me end also with one thing, absolute confidence that we will do that, what we promise to you, to distribute more than € 8 billion in respect of the years 2021 to 2025, including the payouts in 2026.

Anke Reingen (RBC)

Thank you very much for taking my question. I just wanted to ask about the costs. Can you please talk a bit more about the increase in your guidance of the adjusted costs to € 20.3 billion? How much of this is a function of your revenue expectations in 2025 and how much is this reflecting future investments?

And then, how should we think about it at the divisional level, on how the higher cost base comes through also in terms of the cost/income ratio target, and in comparison, you previously provided cost/income ratio targets at your previous capital markets day?

And then just the 62.5% cost/income ratio, is that now a target that's not in reach, or does it remain a longer aspiration, something you might potentially discuss in the course of the year?

And then last question, obviously, this is a bit of a disappointment on the Q4 performance. What should give us the confidence that Q4 2025 doesn't give us a similar disappointment? And then that aspect, I think the nonoperating costs at € 400 million look relatively low. If you can give us a bit more confidence that really these costs, ignoring FX effects, you will be able to deliver them. Thank you.

James von Moltke

Thank you, Anke. It's James here. Lots to talk about, but all the right questions on the cost side, for sure. Let me go in a little bit of a mixed order. On the nonoperating costs, start with restructuring and severance. We've come such a long way in terms of the transformation of the company that there is not a great deal left to do, and we control that number. When I say not a great deal, there's still some work that Claudio and his team are doing in the Private Bank, you've seen that. But, of course, we've taken some into Q4 to enable us to take some actions already in 2025. But for practical purposes, we're through the major transformation of the company.

On the litigation side, the way I think about it is that there's a funnel of matters that can result in outflows in any given period of time. And that funnel is simply emptied now, not in the right way. Obviously, in 2024 we had some surprises, and there can always be unknown unknowns, but of the known items, the funnel is simply empty or nigh on empty. And the risks that we can see are remote, both in terms of time and likelihood. We feel really good about the trajectory now on the normalization of nonoperating costs, and that goes for Q4 next year. Obviously, we have every incentive not to deliver another year in which there's a messy Q4.

If I go to the investor day numbers, and this goes all the way back to 2022, I see really good progress. If I look at the business cost/income ratios in our plan for this year, really encouraging progress. Now, these weren't formal targets, but definitely a guide for you. And we see both Corporate Bank and Investment Bank within the range. Corporate Bank may be towards the high end of the range, Investment Bank towards the middle of the range, and Asset Management also very, very close to the top end of the range. So, really good progress in those businesses.

The Private Bank at this point will clearly be above the range, but actually, the underlying performance of the Private Bank is very encouraging. In absolute terms they are coming in very close to what we had factored in at the time. But they're carrying the burden of really two things. They are where some of the incremental investment of controls and technology has gone in the years. And also, as we've refined our internal cost allocations, you remember, we've talked about driver-based cost management, it has tended to shift some of the expenses to the Private Bank. Overall, we're encouraged by what we see, and there's still work to do. We don't think the trajectory for the businesses or the group ends with 2025.

And that gets me to your third question. No, we're not cashiering the 62.5% forever. We think that the operating leverage that we've built and will continue to see in the company will take the cost/income ratio further down in the years to come. We absolutely think that that is within reach of the firm, but not in 2025. That then gets you to what has driven the adjusted costs up to our current view of € 20.3 billion on the old FX. Look, it's a bunch of drivers. And again, cumulatively since the last capital markets day, I would probably bucket it as a third, a third, a third. It's € 600 million or € 700 million over that time if you express it in cost/income ratio terms. And about a third has gone into business investments, about a third into controls, and the further third into technology, if I give you rough numbers. Probably a little bit more weighted towards technology in that math.

Now, you've seen us make those decisions. And, as we said in the prepared remarks, we think they're the right decisions for the company. Controls are the license to operate. And back in 2022, we relatively quickly recognized we needed more investment to close out the control improvements, to meet our own expectations and those of the regulators, and that investment has continued. On technology, that's been sustained over the past several years. And as you know, our business very much competes on the technology that you can provide across a whole range of activities, including the client experience. We think it's the right decision, therefore, to continue and sustain that investment.

On the business side, this really goes back to the 2023 investment opportunity we saw, particularly in the Investment Bank at the time. And we like how that investment is paying off and will pay off in the years to come. It's, if you like, the cumulative impact of those things that have carried into the costs for this year. If you're in the deep detail of why now and what wasn't visible to us last year, look, as we went through a planning cycle, I would say, in addition to all of the above, inflation has run maybe € 100 million, expressed just in 2025 terms, higher than we might have expected at the time. Cumulatively, those are the drivers that have driven us to where we are now.

Again, a lot of that has been offset by the very good work we've been doing under Rebecca's leadership on the efficiency program. And as Christian mentioned in his remarks, we've made enormous progress towards the € 2.5 billion goal in terms of cost takeout. And there is more to come thereafter, because I said in the last call, it's like peeling an onion. We see more opportunity as we get deeper into the transformation and deeper into some of the process improvements that we make.

Christian Sewing

Anke, I 100% support what James is saying. Just to reiterate that obviously, below 65% is not our endpoint. And for that, I simply also wanted to refer to slide 9 of our prepared remarks where obviously, we are now thinking, with all the investments we have done, what the outcome is. That goes beyond the € 2.5 billion, which Rebecca is managing, but also here on purpose obviously, we gave you a little bit of an outlook. Clear dedication and goal by the bank to go lower.

Kian Abouhoussein (JP Morgan)	Thanks for taking my questions. I just wanted to come back to the cost line. We should really look at € 21.2 billion, I would say, is a more realistic number. And in that context, can you just tell us what it also means in terms of revenues impact? Is it around € 400 million roughly as well, or slightly more, I assume? And in that context, can you talk a little bit about your ambition in Mittelstand? And if you have factored in anything for expansion in Mittelstand, considering there's clearly some opportunities in Germany? Potentially, targets in terms of Mittelstand growth, from your perspective, and can you talk about what you're actually doing on the ground to grow there? And lastly, within cost, it is clearly a big topic around flexibility on costs. There's a higher cost guide, and that's a topic that we get a lot of questions on. If you can talk about flexibility in case you don't get the € 32 billion plus. And if I may just ask on slide 9, on your profit before tax on risk-weighted assets by business. Very interesting chart, clearly. And I'm just trying to understand what are the big buckets which we should look at in terms of underperforming businesses, so we understand what the opportunity is?
James von Moltke	Kian, thank you. Great questions. Again, lots to go through there. Let me start on the easy stuff and I'll give Christian the harder questions. The FX impact, you're absolutely right to draw attention to it, because what we wanted to do in our presentation was give you numbers that are consistent with what we've talked about for the past year, and hence, the presentation is presented in what we would call plan FX levels, where Euro/Dollar was around 1.10, 1.11. And then we give you the translation into December FX, which was about

1.05. That difference creates on the revenue side a number where € 32 billion translates to about € 32.8 billion. And on the expense side, as you say, € 20.8 billion translates to € 21.2 billion.

In the relationship between Euro and Dollar, Dollar strengthening actually helps our margin just a little bit. And here, I refer you to the currency breakout of revenues and expenses on page 36, where you can see that there's a little bit of asymmetry in Dollar/Euro, where we have more revenues than expenses expressed in Dollars, and that drives, therefore, just a little bit of FX improvement on the margin. Now, that relationship will change over the course of the year, so we'll continue to give you reporting that shows the year-on-year variances created by FX. One of the reasons talking about absolute numbers is always challenging, given that change.

And just to complete the picture, in case the question comes up, we do hedge the Sterling risk. You'll see that there's also an asymmetry in Sterling. We hedge that forward, it's rolling, so it's not forever, but that Euro/Sterling currency differences don't really change the end-year numbers a great deal.

Christian Sewing

Looking at the Mittelstand Germany, very good question. Look, there are three or four areas where we are enhancing our business and also making sure that our portfolio with the Mittelstand is not only growing, but that the profitability of that portfolio, like indicated, by the way, on page 9, is further improving. Number one, we are going through this portfolio also from an SVA *(Shareholder Value Add)* point of view. Clearly, one where we can do better, where we have done already action, and where we review our underlying process, which is also part of page 9, i.e. how do we set up this bank front-to-back processes in the lending business, making sure that we don't have different processes for the various financing or payment flows that we are streamlining this. This is one area where actually a lot of investments of the Corporate Bank go, into the setup, into the platform, and the streamlining of the German setup. Just from an efficiency point of view, we will see a very positive impact there.

Number two, of course, with the focus on the Corporate Bank in 2019, we also, and I can say that here also was a little bit of pride, we absolutely regained credibility and trust in the German home market. And if I look at our market shares in not only the DAX companies, but in the Mittelstand, be it the bigger family-owned companies, the Mittelstand itself, but also in the small business areas, we have actually gained momentum. We increase the revenues because the clients are feeling that Deutsche Bank wants to do that business. That was different before 2018. And with the constant improvements, also process wise, we succeed.

Thirdly, we have invested into our coverage. For Germany, if you want to really bank it in the best way, you need to be regional. We have invested into our people here in order to make sure we have the right coverage.

And fourthly, yes, you alluded to that. Now, obviously, I'm not talking in detail about that, but each situation in the industry is providing a huge opportunity. There is uncertainty in the market, you know what I'm talking about. And that, obviously, is a chance and an opportunity for us. And we have started to work on this, and I'm sure more to come. Mittelstand Germany is, from a profitability point of view, efficiency point of view, and from a growth point of view, absolutely a focus. And let me also say, because I'm sure I get the next question, we are not doing that at any price. We also need to take into account the situation, the economy, and therefore, we will not alter our underwriting standards, because that would bite us. And therefore, we keep the underwriting standards which we had. But doing this, we can see a clear growth here at home.

James von Moltke

Kian, maybe just very briefly, you're pointing to slide 9, the chart on the right. It's what we can now work with over the next several years in a more fine-tuned way than previously, with each of the businesses looking at the drivers of their SVA or profitability against the resources that they deploy. It means we can grow revenues through things like repricing and just business growth. We can manage the expenses down, leveraging some of the tools we've built over the years, including driver-based cost management. And we can also work with the businesses to reduce the capital burden. And there, the efforts we've done to create resources efficiency on the RWA side is also helping.

To give you an example of where we are using these tools to make decisions, we've talked about the mortgage product, and especially in our home market and the de-emphasis over the past couple of years of that product. It's in part because at various prices, the product didn't meet its hurdles. Middle market lending, equally, in Germany is something we need to improve the profitability of. As Christian says, it's strategically critical, but it needs to carry itself from a profitability perspective as well. There are other portfolios all around the company that we're working with the businesses very closely on. And the level of engagement in this work is extremely high, which gives us a lot of optimism about how these levers can be pulled over the next several years to drive a very significant impact in bringing each of the units up, and also the average.

Flora Bocahut (Barclays)

Thank you. Good morning. The first question I wanted to ask is actually a clarification regarding the buyback, the € 750 million that you announced today. Just to understand when you intend to launch that buyback, are we talking just a few days, or are we talking several months before this gets launched?

And then on the questions, first is actually coming back to the CET1 trajectory and distribution plans. And thank you, Christian, for clarifying how the performance is going to play into potentially more distribution. But I also wanted to draw the attention on the regulatory risk here, because my understanding is that the Basel IV first-time implementation is now expecting to cost you just € 5 billion additional RWA, so not the € 7.5 billion that had initially been guided. Obviously, there is discussion ongoing on whether FRTB implementation in Europe is going to be delayed. I know no decision has been made yet, but assuming this would get delayed by another year, could that mean also upside risk to your distribution plans for 2025, beyond the actual performance itself?

And then a word on provisions that we haven't discussed too much yet. I think the guidance you provide for 2025 points to € 1.4 billion to € 1.6 billion of provisions. Consensus is right in the middle at € 1.5 billion. Just if you could discuss where's the risk on that number, whether to the upside or the downside, what gives you the confidence, the visibility on that number? With a special word also, if you can, on the US Commercial Real Estate portfolio, especially US offices, after the Fed is more likely now to keep rates higher for longer. Thank you.

James von Moltke

Thank you, Flora. Also, great questions. And for the others, I won't say great questions again, so don't be insulted if I don't repeat that. Briefly, on the start of the of the buyback program, every year we start with the buybacks that offset employee share deliveries against previous year compensation. It actually takes a little while until we complete that. We would only start the € 750 million once that's done, it takes a little bit of time. But we're in the market, really, for most of the first quarter with the former buyback. As was the case last year, I can see some of this amount slipping into the early part of Q3, but we would expect to get the bulk of it done earlier than that.

I'll talk about the trajectory on CRR3. Look, it's more or less where we thought it would be. And, yes, there are some bits still to come. There's a bit of a round trip in the first quarter, because in the technical details of CRR3, the operational risk RWA doesn't hit you January 1st, but only really March 31st. But the net number of about 15 basis points down, it's about 5 basis points up in our estimates on January 1st, and then 20 basis points to come on operational risk RWA. There are some modest adjustments also in CVA and credit risk that come into it. That trajectory is encouraging, but as Christian says, we need to continue seeing how the year develops. And actually, the calculations are relatively new and fresh, and so it'll take time for the systems, the models, and what have you, to settle a little bit, and we'll get back to you.

On FRTB, that is an opportunity. Naturally, we need to plan with the expectation that that will be implemented in January of next year. And we would stick with the estimate of around € 7.5 billion of impact in RWA from January 1st, 2026. I think there's a decent likelihood it'll be delayed just because I think we all believe, and so does some of the legislators, that that creating a competitive disadvantage for the European banks in this area, waiting until FRTB implementation comes to the United States and UK would be unnecessarily damaging. And hence, we do think that's an opportunity. And at a point in time where it's more certain, it can enter into our capital trajectory and thinking. I would add that there are some other potential changes in our requirements going forward that can impact, say, MDA.

And then lastly, on CLP, it's a relatively wide range. I think if you asked us today, we'd probably say closer to the top end of the range, given that we still have to see, as you say, Commercial Real Estate, the moderation to take place. We're looking at the domestic middle market portfolio, as we've talked about in the past, in the economic environment, that's still uncertain. But we do think, and hence, the confidence about a moderation, we do think we're at the back end of this credit cycle.

From what we see today, we're quite confident about the improvement. € 1.6 billion, so the high end would represent about 33 basis points, which, as you know from our prior years and also prior guidance, would be relatively at a higher end for us. But obviously, there's a lot still of water to pass under the bridge between now and the end of the year. Hopefully that covered all your questions, Flora.

Flora Bocahut	Yes, thank you. Can I just clarify, when you just said that the CLP could be closer to the top end of the range, you mean € 1.6 billion?
James von Moltke	Yes, with the € 400 million on a quarterly basis. I think, a little bit like last year, we would expect maybe to start the first quarter or two at the higher end and then ameliorate as the year goes by. Again, we'll have to see how that plays out, both in each of the quarters and the year. Hence, we gave you quarterly guidance rather than the full year, but just the widest end of the range, therefore, would be the ends of the range of € 1.4 billion to € 1.6 billion.
Flora Bocahut	Thank you.
James von Moltke	Incidentally, actually, just to come back on one thing, Flora, you're right. We looked at the consensus, and really, consensus is in line with our guidance and thinking on most line items, of which credit loss provisions is one. Obviously, the cost is another, prior to any adjustment for FX, as Kian pointed out. And the gap is really on revenues.
Giulia Aurora Miotto (Morgan Stanley)	Hi. Good morning. Thank you for taking my questions. First a clarification, James. I think I heard you saying potential changes in requirements that can impact MDA. And can you elaborate on this? What did you mean, did I understand it correctly? And then secondly, on the Private Bank, on slide 4, I appreciate you are on a journey, but still, 5% RoTE is still incredibly low. For a retail bank in Europe, it should be at least double. What RoTE do you have in mind? And what concrete actions are you taking to significantly boost the RoTE here? Thank you very much.
James von Moltke	Giulia, I'll start with the first on MDA and Christian will talk to the Private Bank. Look, MDA has gone up for us to around a little bit over 13.3% *(Note: MDA is at 11.32%; 13.3% includes a targeted buffer of 200 basis points above MDA)*. And that, therefore, drives our

views on the level of CET1 that we need to run at with an appropriate buffer against that. And, of course, the 13.8% is a good place to be in that regard. There will be some changes, as we talked about, FRTB denominator impact, but also potentially some changes in MDA. One example would be our O-SII positioning. It might take a year but given our relative G-SIB score, call it, we would expect to be coming down in our G-SIB over time, as an example.

The second is, inside our numbers you have the mortgage sectoral buffer, which is also impacting how we're capitalized. My point is that the level of capitalization that we operate at now, and the gap to MDA that's implied by it is a conservative point, let's put it that way, on both numbers.

Christian Sewing

Giulia, thank you for your question. On the Private Bank, first of all, you're right. A 5% RoTE is obviously not sufficient at all. But therefore, we are doing this full transformation. And, by the way, if we digest and really divide the Private Bank, the real challenge, which we are working on, is in retail Germany. Now, when you look at the levers, first of all, as I said at the start, we see a good revenue momentum in the Private Bank, by the way, also in retail Germany. Overall, the Private Bank will grow by approximately € 400 million year over year.

Secondly, one of the largest cost takeouts, also in absolute numbers, is next year again in the Private Bank in Germany. Or that, what James also said, where we put restructuring costs for the further fallout, so to say, in a positive way from the IT technology transfer from Postbank to Deutsche Bank is paying off. Also there, from a cost point of view, it's another, and not only a low three-digit million number, where Claudio is reducing costs in the Private Bank.

And thirdly, James gave you another example from a RoTE point of view, we have certain portfolios or some portfolios in the Private Bank, where from an SVA methodology, we are simply not rewarding our shareholders, and at the end of the day, our capital in a sufficient way. And that is the third lens, where with repricing, but also with reallocating capital, we are improving the picture.

One bit only that you also see there is full attention on, and we are working on it. If you just look at Q4 2024 and you look at Claudio's Private Bank costs versus Q4 2023, we had a reduction of 9%. That shows you that there is full focus on that transition that we know we need to get the costs down. The plans are there, implementation is underway. But fortunately, it's not only that, it's revenues and SVA.

Giulia Aurora Miotto	Thank you. Can I just follow up, what is the difference in RoE between Germany and the rest within the Private Bank?
Christian Sewing	It's in particular, from a legacy point of view, the structure of the platforms, the IT platforms we have. As we did, fortunately, the transfer of the IT last year or in 2023 from Postbank to Deutsche Bank, we are again in a constant way pulling off applications, closing applications. Then we have, obviously, from simply a location point of view, we have the largest number of branch closures. Also the largest numbers of people where we're streamlining the processes, going more into a digital offering, in particular in the retail bank. You see most of the transformation and also the efficiency gains in the Private Bank Germany from the legacy point of view, system, location, branches, integration of Postbank is, in this regard, the one where most of the work is on.
Giulia Aurora Miotto	Got it. But I was on just the RoTE number between Germany and the rest within the Private Bank.
James von Moltke	We don't publish that number, but the Wealth Management & Private Banking is double digits. We can definitely converge well into the double digits as we address the issues that Christian just alluded to in the German retail Personal Banking segment.

Chris Hallam (Goldman Sachs)

Morning, everybody. Just two modelling questions left from me. Firstly, on the growth in FIC, if I take the guidance, the € 200 million or so growth that you're guiding to for FIC in 2025, how does that shake out in terms of Financing versus non-Financing? If I look at the solid performance in Q4 Financing revenues, if I just run rate that through 2025, that's obviously imperfect, but that would solve for effectively all of the € 200 million increase year over year in the guidance. Just any color you can give in terms of FIC growth on a line-by-line basis.

And then secondly, deposit growth was quite strong in the Private Bank in Q4. What are you assuming in terms of deposit growth in 2025, within that € 300 million banking NII guidance? Thank you.

James von Moltke

So, Chris, FIC markets would be the € 200 million or € 300 million of contribution in what we characterized as the remaining revenue streams. In FIC Financing, however, as you know, it splits between carry and fee revenues. We're quite encouraged, given the 12% growth we had now just in the fourth quarter, about our ability to continue growing that revenue stream. It should do at least € 100 million, maybe some more in NII, and then earn additional fees. But just to clarify, in the buckets, the rest of FIC markets, so Rates, Credit and Emerging Markets and FX, would be the balance of the remaining revenue stream number.

In terms of deposit growth, we've seen quite strong deposit growth. And actually, what's been encouraging, it is shifted back into sight deposits from term. And that's, as we talked about, being helpful for the margin on the deposit side. We are expecting considerable growth in both of the deposit businesses in 2025. I can't give you precise numbers, but we see liquidity in the marketplace and the ability to put on liabilities at attractive prices and SVA. The one caveat I do want to mention, though, is we talked last quarter about a couple of relatively concentrated deposit levels. As those wind down, we are offsetting the runoff of a couple of concentrated deposits, and hence, you'll see the net of those two in the numbers over the course of the year.

Also, Q4, as we had two years ago, represents a relatively high print. I would see us recovering to the Q4 level over the course of Q1, maybe into Q2, and then more of that growth flowing through into the back half of the year.

Stefan Stalmann (Autonomous)

Good morning. Thank you very much for taking my questions. I would like to start with a strategic question, please. There's quite a lot of M&A activity these days in European asset management between BNP and AXA and Natixis and Generali. Does that change anything in the way that you look at your Asset Management strategy, please? And would you actually be willing to consider M&A here?

And then just a number of questions, please. The first on market risk-weighted assets. From what you say about the trajectory in the fourth quarter, it seems that your market risk-weighted assets must now be around € 19 billion, or maybe even a bit lower, which I think is the lowest level since you started disclosing this. Is there any possibility that this is snapping back, or is there something more structural at work here?

And finally, you mentioned not only this time, but also previously, that you have benefited from credit hedges. Some of your credit loss provisions have been offset by revenue elsewhere. Can you maybe give us a rough sense of how much revenue was actually generated from these hedges in 2024 please, and in which revenue line items we would find them? Thank you.

James von Moltke

Thanks for the question, Stefan. Just briefly, we love our Asset Management business. We think DWS is really well positioned in today's markets. And having now exceeded the € 1 trillion level, we can see that it has scale and profitability and also growth prospects. While we obviously see what's going on strategically in the market around us, we think we're well positioned.

On the market risk RWA side, you're absolutely right, €

19 billion is correct, and it represents a relatively low level. Two reasons. One is year-end is often just seasonally below. And secondly, you will have seen in the VaR numbers relatively low VaR, some of which reflects the volatility in the market, and not so much the book. And hence, we would expect some of some amount of recovery, if you like, or an increase in market risk RWA during the course of the year.

As relates to the credit hedges, I'd need to double check the number, but it's orders of magnitude around € 100 million, a little bit more, I think, in the businesses. Mostly reflected in remaining income in the businesses and some in interest income. A bit of a split, depending on whether you see it in the Investment Bank or the Corporate Bank. And those hedges, we've talked about, I think, € 42 billion of total hedges. Those hedge volumes we will look to grow from here, given what we've said about SRTs and the market availability. But these are ongoing programs that we have, so you can assume that that type of protection and probably growing from here going forward, we manage concentration risks as well as capital usage with those instruments.

Andrew Coombs (Citi)

Thanks for taking my questions. I have two, please. both follow ups. Firstly, you said that there were two areas of investment in your earlier commentary, one was the tech controls and remediation, the other was growing the franchise beyond the initial revenue ambitions. And I think you have given a few points of where that has been over the course of the call, but perhaps you can just give more granular examples of which areas you have expanded beyond your initial ambitions. And given you haven't changed the revenue guidance for 2025, but you have the costs, what is the payback period on those investments? Do you think you're going to see that come through in 2026, 2027? That would be useful.

And then my second question is just on that revenue bridge. Thank you for the very granular answer you gave earlier around the core divisions and see how that adds up to € 2 billion. But at the same time, James also gave guidance on the corporate center, a € 200 million loss per quarter, which would seem to suggest you're going to have much lower revenue contribution from the corporate center, given how much that contributed in Q2 and Q3 2024. What's the offset there? Thank you.

James von Moltke

Thanks, Andrew. In reverse order, the corporate center, and I think something interesting to point out on page 5 of the deck, we talked in earlier quarters that there can be some volatility that's created by the corporate center, but I'd said at the time that it typically nets to zero over the course of the year. And that was the case in 2024, and we expect it to be the case in 2025. At the very bottom of the chart on the left, you can see that's our current expectation. But some of it is hard to predict, given, for example, valuation and timing differences are market related. But hopefully, that's a good indication.

On the cost side, the walk I gave earlier to say it was about a third of each of business investments, technology and controls, was a multi-year view going from our last investor day. More recently, what has been the places where we've put additional investment, I'd say the Corporate Bank probably the first destination, in terms of some plans that we'd actually been working on for some time, but now have decided to implement. Which is actually relatively broad based in the Corporate Bank, but as an acceleration of some hiring and also technology investments that David Lynne and his team have identified and are ready to execute and have begun the execution of.

In Private Bank, there are some technology investments that we had been waiting to make decisions on, but feel are important to make. Again, to keep pace with the industry where, as you can all see in your own personal lives, there's a bit of an arms race going on in terms of the capabilities for digital banking, as well as some of the physical infrastructure there. And then a little bit a reacceleration of hiring on the RM side in that business.

And then lastly, we've talked about O&A. I think we've largely completed the build-out in O&A, but there are a handful of additional hires that we've made. And we've talked about also the FIC market side, again, all of which we see as supportive of revenue, not just in 2025, but in the years beyond. I just do want to emphasize that management's decision making, as we went through this most recent plan cycle, has been not just about supporting performance in 2025, but making sure we're building the company to be sustainably profitable and growing in profitability in the years beyond.

We look also at the 2026 consensus, where, as you can imagine from the chart, especially Christian's page 9, you can see an even greater divergence between what we believe the trajectory of the company is and what is currently in the consensus.

Jeremy Sigee (Exane BNP Paribas)

Thank you. I'll make it quick. Just on your RoTE target, you're making the same RoTE with heavier costs. I guess the offset is the balance sheet efficiency. Effectively, less profit, but less capital. Is that the right way to think about the math on that?

And then secondly, we talked about in an earlier question, the possibility of delaying FRTB and Basel IV implementation. Do you worry about the risk that the US actually cancels it or dilutes it completely? Would that leave you at a competitive disadvantage, or is this now quite marginal for you as well?

James von Moltke

FRTB, there are a number of different aspects of FRTB. How many portfolios you put in standardized versus modelled, how the models work and, of course, when it's implemented. You have to assume that FRTB, once implemented, will be relatively consistent across the world. That's not a given necessarily, but it's a major assumption that we need to make. What we're concerned about is a competitive disadvantage, if it's implemented in Europe only and not in the UK and the US, that's a situation that would create a significant disadvantage for us.

Christian Sewing	Let me just chime in there. First of all, it was a good sign and good decision that there was a postponement by one year. Actually, the level of attention at the EU Commission, when it comes to FRTB and providing a level playing field, is higher than ever before. It's clearly on the agenda, not only of the banks, but also of the EU Commission. Obviously, I don't know whether at the end of the day it will be implemented here and not in the US, but at least we have, in my view, a level of attention at the EU Commission to listen to us and to make sure that the level playing field is not lost on that point.
James von Moltke	And to your first point, yes, capital efficiency has certainly helped. It's a walk of revenues where we're significantly higher than where we expect it to be when we did the IDD with you. Actually, credit costs at this point in the cycle, also higher than where we expect it to be. Costs we've talked about. And capital is more efficient. I will say AT1 coupons higher than where we'd assumed as well. There are a number of different moving parts from the investor day 2022 that we can trace through, but the capital efficiency was certainly a supportive lever.
Mate Nemes (UBS)	Thank you. Two quick questions from my side. I wanted to come back to slide 16, and specifically look at the € 900 million in investments and inflation. I was wondering if you could split that € 900 million to mandatory investments, regulatory, or those you feel clearly necessary in the tech stack, you mentioned for perhaps the Private Bank. And some of the discretionary investments into growth, be it the Corporate Bank, be it the IB. That's number one. Number two is on loan growth. It seems like we are seeing some improvement in period and loan balances, both in the Corporate Bank and also in the Private Bank. Could you talk about what you're seeing in your business? Is this just a blip, we shouldn't read too much into it, or is this perhaps the start of a turning point? Thank you.

James von Moltke

The simple answer to your question is regulatory or controls related costs, or most of, I'll call it, € 200 million year on year in the mandatory bucket. And then there is some additional expense that are still around remediation control improvements that we would see as not mandatory, and where there would be some flexibility potentially to push out in time. A reasonably considerable amount of pressure coming from that. I mentioned inflation, the € 100 million of inflation above our expectation sits on top of inflation that has been running € 300 million to € 400 million for the past several years. There's a considerable headwind from those two items.

Christian Sewing

And on the Financing side, we have seen the FIC Financing, as also mentioned by James before, was actually a nice level of increase over 2024. We also see that going forward, that's clearly a business which we want to grow, I think where we have for competence like almost nobody else. And given also the international focus on this business, it's clearly growing.

On the Corporate Bank and Private Bank side, slightly down, excluding FX. Now, on the Private Bank side, it is also an effect of that, what we discussed before, i.e. the SVA methodology that we are not entirely happy with all subsegments of that portfolio. James mentioned the mortgage portfolio, where we on purpose don't want to allocate that much capital. Obviously, also, the interest rate development in the run-up to 2024 is then also curbing demand a bit in Germany.

And on the midcap side, at the end of the day, you see in this regard a little bit of two different speeds. If you look at the loan demand of German corporates for investing in Germany, it's clearly down. And that's also something which hopefully will be addressed when we talk about structural reforms which are needed in Germany. But the other end is that also German corporates actually taking investments in order to invest internationally, that's clearly up. And that is, again, something where we can position ourselves, given our global approach.

Tom Hallett (KBW)	Hi, guys. Thanks for taking my questions. Firstly, I suppose I would have thought confidence around the € 32 billion guidance would have increased, given what we've seen year-to-date, and then the steepening yield curve. Was there a temptation to raise that € 32 billion target, by any chance? And then secondly, on slide 9, your aspiration is meaningfully above 2024 levels. I just want to know what the drivers of that would be. Should I be splitting that between half profit, half RWA optimization? How should I think about that? Thank you.
Christian Sewing	Tom, let me let me take the first question. Look, our confidence in the € 32 billion, obviously with the delivery of Q4 and the momentum we see, also what we have seen in January, has increased, that we will meet that. But I think it's not the time now to further raise it. I think it is that what we have done before on revenues, we give you a number, we have full confidence in it, and now we have to deliver. And it's all about execution. But in that execution capacity, again, how our businesses are positioned, I have full confidence. But at this point in time, I think we should first now deliver Q1 and Q2, and then we can talk about anything else.
James von Moltke	Just in terms of the line now, that chart on page 9 is deliberately illustrative, in part because the business units themselves, in terms of profitability and also capital usage, we don't disclose publicly. But you can work out the starting point average from our public accounts, it's about 1.5%. Given all that took place in 2024, we think there's scope to more than double that average level over the next couple of years. That, again, underscores a little bit the confidence that we have about the trajectory going forward and the tools that we've built. Now, some of that has to do with the costs, especially nonoperating costs, from 2024 falling away. But a lot of it has to do with the levers for growth that Christian's talked about, steady cumulative operating leverage across the businesses that we see. And then, to your

point, some amount of efficiency of the usage of the capital. We don't see RWA, though, declining from here. I just want to emphasize if you're at around about € 360 billion of RWA, over the years, especially given the CRR3 and the other changes, that number would still grow by, make up a number, € 20 billion, even with the efficiencies that we're putting through. It is a significant amount of impact from operating leverage over time and all the other levers we've talked about.

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